



District Attendees

Misha Sarkovich	Board President
Randy Marx	Board Vice President
Barry Brown	Board Member
Daniel Gilliam	Board Member
Timothy Healey	Board Member
Tom R. Gray	General Manager
Michael Nisenboym	Operations Manager
Shawn Huckaby	Operations Supervisor
Chi Ha-Ly	Sr. Financial Analyst

Other Attendees

Paul Cornwell	Visitor
Joseph Arch	JJACPA, Inc.
Steve Amos	JJACPA, Inc.

Absent

AGENDA ITEMS

I. Call to Order

President Sarkovich called the meeting to order at 6:30 p.m.

II. Public Comment

- Mr. Cornwell stated the District has not answered his question as to why he should have two backflows.

III. Consent Calendar

The following consent calendar items were considered and acted upon as follows:

1. Approval of Minutes:
 - a. Regular Board Meeting of February 8, 2010
2. Accept and file: Treasurer's report for the month of February, 2010

3. Accept and file: Investment report for the month of January, 2010
4. Accept and file: Monthly Financial Expenses for the month of January, 2010
5. Approval of Warrants
6. Approval of Cal Card Statement
7. Approval of Monthly Board Expense Report for February, 2010

Director Brown pulled the Regular Board Meeting Minutes. He stated that under item X.9, it is not appropriate to report on a non-policy matter and he would like the General Manager to refrain from reporting non-policy matter on that item in the future.

General Manager Gray noted on Regular Board Meeting Minutes that there needed to be "SJWD Board President Peterson" at the beginning of the paragraph on the 3rd bullet point under IV.1 on page 3 and a closed quotation mark at the end of the paragraph.

Director Gilliam asked that management look into getting the \$30 annual safe deposit box waived.

M/S/C Gilliam/Marx, to approve the consent calendar as amended.

- General Manager Gray stated that item III.4 was not available.

M/S/C Gilliam/Marx, to approve the consent calendar as amended without the January 2010 Monthly Financial Expenses.

IV. Presentation & Correspondence

1. Presentation from Joseph Arch on Fair Oaks Water District's Comprehensive Annual Financial Audit for the year ending December 31, 2009

- Mr. Arch stated that the audit went smoothly and he would like to thank the staff. He stated the District had an unqualified ('clean') opinion. He stated that the exit interview has just been completed. He indicated that he had little to comment on in the management letter. There will be a comment on accounts payable invoice; particularly the SJWD invoices. He noted that the SJWD invoices didn't have enough detail and recommended the District obtain additional detail prior to paying invoice received from SJWD.
- He stated that there were no disagreements with management and there were no internal control issues.
- He stated that the District added approximately \$2M to net assets despite the fact that the District had a lot of construction.
- President Sarkovich inquired on the management letter.

- Mr. Arch stated that the management letter will be part of the final written audit package. He stated that he will address prior year's management letter comments; he believed that District addressed all prior year comments.
- Director Brown inquired on the inventory for 2009.
- Mr. Arch stated that they did a physical inventory observation at year-end and there was no discrepancy.

2. Letter dated February 16, 2010 from the County of Sacramento on November 2010 General Election costs

- General Manager Gray stated that the County sent an estimated fee schedule for the November 2010 general election. Based on the fee schedule, the District will have an estimated cost of \$16,648 in 2010 compared to prior year fees of \$20,151.

3. Letter dated February 23, 2010 from the Lake Natoma Heights Homeowners Association

- General Manager Gray stated the Lake Natoma Heights Homeowners Association requested information on the Aerojet contamination plumes and the need to drill the monitoring well on Park Drive.

4. Staff presentation on water production and demands

- General Manager Gray stated that Operations Manager Nisenboym will present the historical and projected water needs and demands.
- Operations Manager Nisenboym stated that the District's water demand in late 1980s was approximately 16,000 AF; between the 80s and 90s the water demand was approximately 14,000 AF; and the last five year average was 12,400 AF. In 2009, the District's water demand was 12,181. The District's per connection demand dropped from 1.2 AF to 0.88 AF but is still high relative to other areas. The District historically used 5% of groundwater and 95% of surface water. In 2009, it was 9% from groundwater and 91% from surface water.
- Operations Manager Nisenboym stated that the District expects a 20% decrease in water consumption resulting from the conservation efforts and the Meter Implementation Program which equates to a 10% decrease in revenues.
- The Board requested that management present the cost comparison of surface water cost versus groundwater pumping.

V. Discussion and Action Items: Old Business

1. Report back on timeline for rate study from budget committee

- General Manager Gray presented the timeline of the rate study and financial plan.
- Director Brown stated that at the last meeting he suggested that the District broaden the term to embrace the financial plan and tie the rate study, financial plan and master plan together.

2. Discussion and possible action on a letter response to the February 2010 presentation by SJWD staff and Board members

- General Manager Gray stated that based on SJWD Capital Improvement Plan, there is already \$300,000 budgeted for the hydraulic model. There was no revenue recovery in their budget. Currently the District received an invoice of \$42,000. He felt that if the District pays the invoice, it would be paying twice. He also indicated that the auditor did mention the invoice was just one line item and more detail would be helpful.
- Director Gilliam stated that he would like SJWD to respond in writing.

M/S/C Gilliam/Healey, to authorize the General Manager to work with Vice President Marx to formulate a final letter to SJWD in response to the SJWD's presentation at the February 2010 FOWD regular Board meeting and be signed by the Board President.

VI. Discussion and Action Items: New Business

1. Discussion and possible action on approval of FOWD sponsoring a "Concert in the Park" with conservation message

M/S/C Brown/Gilliam, to approve FOWD sponsoring a "Concert in the Park."

2. Discussion and possible action on existing Fire Hydrant Agreement with the Sacramento County Metropolitan Fire District

- General Manager Gray stated that this agreement was executed in 1996 between FOWD and Fire Metropolitan Fire District. Recently a representative from the sheriff department contacted the District about a public safety issue related to a fire hydrant. He stated that typically the Fire District is the one that maintains the outside of fire hydrant and access to the fire hydrant.
- General Manager Gray stated historically, the District has been going out and doing this work. The agreement stated that the work should be done by Sacramento Metropolitan Fire District.
- General Manager Gray stated that this is not the District's jurisdiction; if it was, the work would have been done immediately.
- President Sarkovich directed the General Manager to contact Sacramento Fire District and handle this in the most appropriate manner.

3. Discussion on FOWD water leak history and the MIP

- General Manager Gray provided an overview of the leak history. He stated that in 2005, the District had 17 main leaks and 89 residential leaks. In 2009 the District had only 9 water leaks (8 being residential leaks). This was a direct impact from MIP program where the District replaced/upgraded services as the meters were being installed.

4. Discussion on private communities and the MIP

- General Manager Gray stated that staff spent a lot of time handling projects relating to private condos and town houses. Currently each property requires a unique agreement for the meter installation. Many involved attorneys representing private property. The District currently does not engage its legal team when preparing these agreements.

5. Discussion on Cal-Card payment rebates

- General Manager Gray stated that the District received rebates for Cal-Card purchases.

6. Discussion and possible action on water service to the FOB “Triangle”

- General Manager Gray requested that the Board authorize the District to install a 1- inch water service to this public area at District cost.

M/S/C Healey/Gilliam, to authorize FOWD to install 1” irrigation service to the Fair Oaks Blvd. landscape area known as the “Triangle .” Authorize \$1,500 to be spent from the conservation budget.

VII. Upcoming Events

1. March 17, 2010 / Supervisor Roberta MacGlashan’s Community Meeting

- Information only.

2. March 17, 2010 / ACWA 2010 Legislative Symposium / Sacramento

- Information only.

3. May 4-7, 2009 / ACWA 2010 Spring Conference & Exhibition / Sacramento

- General Manager Gray stated that this conference will be in Monterey, not Sacramento. Director Brown and Vice President Marx will be attending the ACWA Spring Conference.

VIII. Representative Reports

1. Sacramento Groundwater Authority (SGA)

- Vice President Marx stated there were discussions on groundwater contamination and they are trying to obtain grants to address contamination. General Manager Gray stated that he is working on four separate projects that the District can include in the Integrated Regional Water Management Plan in case grant funding is available.

2. Regional Water Authority (RWA)

- No report.

3. San Juan Family of Agencies Executive Committee

- No report.

4. Fair Oaks Village Enhancement Committee

- Director Brown stated the strategic planning is over. There are three subcommittees: public outreach, public improvement projects and land use. The Committee is trying to refine business opportunity sites. The project manager, Renee Taylor, will be making a presentation at the FO Chamber to provide an overview the Fair Oaks Village Enhancement Committee.

5. Other

- None.

IX. Directors' Reports & Comments

1. Budget Committee – (*Sarkovich, Healey*)

- No meeting.

2. Technical Advisory Committee – (*Gilliam, Marx*)

- No meeting.

3. Capital Improvement Committee – (*Gilliam, Sarkovich*)

- No meeting.

4. Personnel Committee – (*Marx, Gilliam*)

- No meeting.

5. Public Relations Committee – (*Brown, Healey*)

- No meeting.

6. Other

- Director Gilliam inquired if the District can pay off the COP early.
- President Sarkovich asked that staff place on the agenda and provide recommendation concerning this item.

X. General Manager's Reports

1. Legal Matters

- General Manager Gray stated that this item will be discussed in closed session. He indicated there was an employee that separated months ago voluntarily and appealed for unemployment. The District won the case and that saved thousands of dollars in possible unemployment payments.

- 2. Meter Implementation (Installation & Future Planning)**
 - General Manager Gray stated that the District installed 141 meters in February 2010 and that the District is now 91% metered.
- 3. New Building Projects**
 - General Manager Gray stated that the building is pretty much completed. The District is working on the final walk-through work items.
- 4. Operate within 2010 Budget**
 - No report.
- 5. FOWD Financial Plan for Metered Rates**
 - Discussed earlier.
- 6. Emergency Water Supply Agreement**
 - No report.
- 7. GW Remediation Issues (Aerojet)**
 - No report.
- 8. Wholesale Meter Upgrades (construction complete; project to remain listed)**
 - No report.
- 9. Update and Revise FOWD Policy Manual**
 - Discussed earlier.
- 10. Fair Oaks 40-inch Pipeline Project Planning & Design**
 - General Manager Gray stated that the project is being designed currently. The inspection was completed. The District has financial questions and is working with San Juan Water District.
- 11. Hydraulic Model Development**
 - The District is currently working with the hydraulic software without a consultant.
- 12. Website Update**
 - General Manager Gray asked the direction from the full Board. Would the full Board like the District to contract out and have the website clean-up or would the Board like the District to continue to having it done in-house?
 - Director Gilliam and President Sarkovich stated that the District IT Admin. is currently busy with the new building. The District IT Admin. can start working on the website as soon as he is done with the new building within two to three months.

- Director Brown stated that the website is very out-dated and he has customers inquiring how to get to the website. He believes it needs major clean-up.
- General Manager Gray stated that the District IT Admin. is engaged in ongoing training required to become an efficient webmaster.
- Director Gilliam stated that if the website is not improved in three months, he will support Director Brown in getting an outside consultant to work on the website.
- President Sarkovich stated that the District should send the IT Administrator to additional training.

13. Unbudgeted Projects

- None.

14. Other

- None.

XI. Public Comment

- None.

President Sarkovich closed the open session at 9:09 p.m.

President Sarkovich called the closed session meeting to order at 9:10 p.m.

XII. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9

1. Conference with legal counsel – Existing Litigation – 2 cases

President Sarkovich reopened the meeting to the public at 9:13 p.m.

XIII. Report from closed session

- None

XIV. Public Comment

- None.

XV. Adjournment

With no further business to come before the Board, President Sarkovich adjourned the meeting at 9:23 p.m.

The Board approved the preceding minutes on April 12, 2010

Tom R. Gray
General Manager/Board Secretary

Date